

IRS ISSUES FALL STATISTICS OF INCOME BULLETIN

WASHINGTON -- Final data for 1996 show that adjusted gross income (AGI) reported on the nation's 120.4 million individual income tax returns for that year reached \$4.5 trillion. This was 8.3 percent more than for 1995.

Taxpayers who itemized their deductions numbered 35.4 million, but the majority, 84.0 million, used the standard deduction. Dollarwise, standard deductions totaled \$426.1 billion, but itemized deductions totaled \$572.5 billion. The largest itemized deductions were for home mortgage interest, \$220.2 billion, and for taxes paid, \$203.8 billion.

The individual income tax for 1996 was \$658.2 billion, averaging 14.5 percent of AGI. The comparable percentage for 1995 was 14.0. The earned income tax credit increased from \$26.0 billion for 1995 to \$28.8 billion. About 19.5 million low-income wage earners claimed the credit, up from 19.3 million for 1995. These facts are included in the Fall issue of the quarterly *Statistics of Income Bulletin*, just published.

Another article relating to the individual income tax shows that for 1993, over 9 million returns (out of the 115 million return total) were filed by dependents of other taxpayers. Over 7 million of these dependents reported an AGI under \$5,000.

A third article shows that partnership profits for 1996 reached \$145.2 billion, increasing sharply by \$38.4 billion over 1995. Limited partnerships accounted for \$22.9 billion of the increase. The total number of partnerships grew 4.6 percent to 1.7 million, but the number of partners, 15.7 million, remained about the same.

A fourth article reports that for 1995, there were over 60,000 domestic corporations controlled by a foreign corporation or other foreign person. Their sales and other receipts amounted to \$1.5 trillion, almost 11 percent of the total for all domestic corporations. Profits of these corporations totaled \$38.5 billion, compared to \$21.9 billion for 1994. The U.S. income tax they reported was \$13.2 billion, up by 30 percent over 1994. Most of the companies were manufacturers or wholesalers, and 28.5 percent were controlled by a Japanese person.

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Yet another article reports that for 1994, there were 7,199 U.S. corporations that claimed a foreign tax credit. This \$25.4 billion credit enabled these companies to reduce their U.S. income tax liability from \$90.8 billion to \$65.4 billion. The United Kingdom, Canada, Germany, Japan, Brazil, the Netherlands, France, and Mexico were the leading sources of the taxable income on which the foreign taxes were paid.

The final article reviews developments in the nonprofit sector from 1975 to 1995. After adjusting for inflation, assets and revenues of nonprofit, tax-exempt organizations more than tripled, to \$1.9 trillion and \$0.9 trillion, respectively, over the 20-year period.

The *Statistics of Income Bulletin* is available from the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954. The annual subscription rate is \$29 (\$36.25 foreign): single issues cost \$18 (\$22.50 foreign). For other data, write the Director, Statistics of Income Division OP:RS:S, Internal Revenue Service, P. O. Box 2608, Washington, DC 20013-2608; dial the SOI electronic bulletin board at (202) 874-9574; check the World Wide Web at www.irs.ustreas.gov; or telephone the SOI statistical information services office at (202) 874-0410 (by e-mail, sis@soi.irs.gov; by fax, (202) 974-0964).

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